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Bureau of Business and
Economic Research

Oregon Business Review

VOL. XIII JULY 1954 No. 7

Asiatic Trade Big Factor in Well-Being of Northwest

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We who live along the northeast corner of the vast Pacific rim should never forget that much of our economic well-being depends upon commercial relationships with Asia. Asia is a major market for the region's exports and an important supplier of its imports. The health of its waterborne commerce is to a large extent dependent upon political conditions of the countries which fringe the western shores of the Pacific Ocean. At the present moment, there is both political and economic turmoil which obscures the pleasanter picture of a wished-for normal peace. Let us examine some of the situations which intrude themselves between the nations whose well-being depends upon a continuous flow of commodities and services across the ocean.

The geographic scope of Asiatic trade problems extends from the Kuriles and Kamchatka on the north to the easternmost end of the Indonesian Republic on the south. Draw a line from Harbin in Manchuria to Calcutta in Pakistan. Southeast of this boundary one-half of the world's population lives —and suffers. At the same time one of the greatest producing and marketing areas of the world has been delineated: 83 million in Japan, 450 million in China, 70 million in Indonesia, 17 million in the Republic of the Philippines, and millions more in Thailand, Indo-China, and the scattered islands of the Pacific.

For the moment, the wished-for commercial opportunities are obscured by seething political unrest and the aftermath of war's turmoil, as poverty-stricken peoples strive to better their condition or are subdued by tyrannical masters. Few people now living have the temerity to predict accurately when and how it will all end. All we know is that, given political and economic stability, trade patterns would assert themselves in short order and normal international relationships would be resumed. Once again lumber, railroad ties, plywood, canned goods, and manufactured articles would flow west in mounting volume; and, in turn, vegetable oils, carpet wool, rubber, chinaware, textiles, and thousands of other kinds of imported articles would crowd the terminals of Pacific Northwest ports. Returning ships would enter our harbors down to their marks instead of riding high, with an overabundance of freeboard and red paint showing on their sides. What

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Statistics Provide Facts for Collective Bargaining*

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Today, collective bargaining is an important phase of our national life. It is practiced by some 200 national and international unions, 60,000 or more local unions, and several times that number of employers. The decisions reached in these labor-management negotiations are embodied in more than 100,000 agreements covering between 15 to 20 million American workers. Millions of other workers—plant and office—find their wages and working conditions shaped by the results of these bargains.

Moreover, the outcome of significant contract negotiations affecting large groups of workers in such important industries as steel, coal, railroads, automobiles, textiles, and lumber influences the course of our national economy, and sometimes our individual livelihood. Consider, for example, the impetus given to pension and insurance programs as a result of the steel case of 1949, or the emphasis upon "productivity" stemming from the General Motors' "annual improvement" wage adjustments.

In such a setting it is little wonder that increasing emphasis is placed upon the need of a variety of facts and statistical data for use in collective bargaining. This need is felt by union negotiators, management, mediators, and arbitrators. It was manifest in the formulation of criteria for administering wage stabilization policies in World War II and again, more recently, during the Korean conflict.

As a matter of fact, this demand for information and statistical data for use in labor-management negotiations extends over a long period of years. Before the turn of the century, the Bureau of Labor Statistics of the U. S. Department of Labor was making surveys of wages, prices, and working conditions in the United States. We have conducted studies in such industries as steel, lumber, textiles, and shoes for the past half century or more. Since 1907, we have issued annual reports on union wage scales in the construction and printing industries. Our cost-of-living statistices go back to World War I.

I would like to take this opportunity to outline some of the types of data regularly used in bargaining which are available from the Bureau of Labor Statistics.

Let us start at the point which, sooner or later in the

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* Address given at fourth annual Northwest Labor-Management Conference, University of Oregon, May 19, 1954.

Oregon Business Review

VOL. XIII EUGENE, OREGON, JULY 1954 No. 7

Bureau of Business Research, School of Business Administration
University of Oregon
WESLEY C. BALLAINE, Editor

Published monthly. Entered as second-class matter, August 10, 1948, at the postoffice at Eugene, Oregon, under the act of August 24, 1912. Persons wishing to receive the *Review* regularly should address requests to the editor. There is no subscription charge.

Statistics Provide Facts for Collective Bargaining

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course of bargaining, negotiators must inevitably reach—namely, wages. Broadly speaking, the use made of wage statistics is determined by whether we are interested in the various data primarily from the standpoint of the *industry*, trade, or service with which we are associated or from the standpoint of the *area* in which we operate. Both *industry* and *area* information, as we shall see later, may be and often are utilized before the negotiations are completed.

In some industries the focal point may revolve about practices as they exist in the particular industry. In other instances, the significant factor is the local labor market. Perhaps I can best illustrate by reference to our BLS wage survey program. We conduct essentially two types of occupational wage surveys—those with an industry focus and those oriented to a specific city or labor market. The latter we commonly characterize as our "community wage surveys."

We make industry wage studies of such nationally important industries as steel and automobiles, lumber, paper and pulp, furniture, shoes, and textiles. In some of these, sectional or regional factors are very significant, as in textiles, for example; in others, such as automobiles or steel, the wage structures are more homogeneous, regardless of the location of individual plants. Some of these industries are located principally in urban areas, others, such as textiles or lumber, are in smaller communities or rural areas.

In addition to these "national" industries, we also survey each year several other industries which are typically urban in character: auto repair shops, power laundries, machinery manufacture. These industries, it will be noted, are usually comprised of many relatively small employers: some have products or services which are essentially local in character while for others the product—such as machine tools—may be marketed regionally or nationally.

Our community wage program, on the other hand, deals specifically with wages in a particular area. This past year we surveyed wages in seventeen major cities. Three of these were Pacific Coast metropolitan areas—Portland, the San Francisco Bay area, and Los Angeles. Another survey covered Denver. Each of these studies provides a wealth of information on the earnings of office, maintenance, and custodial workers as reflected by several principal industry divisions.

In both types of surveys, wages are reported in terms of straight-time hourly earnings, which excludes premium pay for overtime and night work. The only exception is for office workers, draftsmen, and industrial nurses in our community wage program, for whom data are presented in terms of weekly earnings for the standard or basic work week. The data are presented in terms of averages with also a distribution of earnings above and below the arithmetic average, thereby providing a more complete picture of the range of earnings for a particular job.

How are these materials used in a collective bargaining? The answer is—in many different ways and for various purposes. They may be used to support or to refute proposals for a wage increase or decrease. One party may stress the importance of the "average," another the distribution of workers above or below the average. To a particular union—or employer—the most significant data may be those relating wages to the locality or the region, or to large or small cities, or large or small establishments. By others, key significance may be attached to rates or earnings for specific jobs. Again, emphasis may be placed upon the method of wage payment—time or incentive—or whether the appropriate comparisons should be only with those plants whose wages are governed by the terms of a labor-management contract.

Let me cite a few "findings" from several of our recent studies for purposes of illustration. For example, you may be interested to know that:

(1) Most pulp and paper workers on the Pacific Coast in April 1952 averaged at least 30 cents per hour *more* than the national average for their particular job.

(2) Southern sawmill workers averaged 86 cents per hour in the spring of 1953, and almost one-half of them received a rate of 75 cents per hour—the legal minimum under the Fair Labor Standards Act.

(3) In West Coast Douglas-fir sawmills a year earlier sawmill workers averaged $2.01 per hour; the lowest paid of these workers averaged about twice as much as the typical southern sawmill worker.

(4) In shoe manufacturing in March 1953, women employed as "fancy stitchers" on women's cement-process, slip-lasted type of shoes averaged $1.24 per hour in organized shoe factories and $1.15 in unorganized factories; in Pacific Coast shoe factories these "fancy stitchers" averaged $1.90 in union and $1.55 in nonunion plants.

Turning now to our community or labor-market type of survey, it might be noted that:

(1) Last September—the time of our Portland community wage survey—general stenographers in Portland averaged $56 per week, but some earned less than $40 and others over $75 per week.

(2) In the maintenance trades, electricians averaged $2.29 per hour, pipefitters $2.21, and automotive mechanics $2.17 per hour.

(3) In the custodial trades, janitors averaged $1.56 in manufacturing, $1.47 in public utilities, and $1.27 in retail trade.

(4) In contrast to Detroit, for example, relatively few (eleven) establishments in the four-county area covered by our Portland survey reported formal cost-of-living escalator clauses and scarcely any reported the annual-improvement or productivity type of wage adjustment.

(5) Finally, we found that 84 per cent of plant workers and 17 per cent of office workers in Portland were covered by union contracts. In the San Francisco area, the corresponding percentages were 96 and 17, respectively.

These illustrations will suggest some of the uses of our data. I should like to discuss several of these in somewhat greater detail. Almost inevitably in every negotiation a discussion arises with respect to the *level* of wages or the *trend* in wages. In many instances both wage levels and wage trends figure conspicuously in the bargaining.

Although there has been some tendency in recent years to establish the same rate for the same job within a labor market or an industry, we all know that typically a variety of rates exist for the same occupation, whether it be secretary, comptometer operator, janitor, machinist, or essembler. We also know that wage differentials exist between jobs—secretaries and file clerks, carpenters and helpers, fallers and buckers in logging and sorters. Similarly, there are regional and area differentials—between Seattle and San Francisco, the East Coast and the West Coast, New England and the South.

There are also differentials between industries, although these are more difficult to measure. Differences in product, jobs, and level of skills, ratio of labor costs to total costs, degree of competition, and a host of other factors make such interindustry comparisons extremely hazardous.

Let me give you a little picture—historical and recent—of the trend of wage differentials between skilled and unskilled workers in our country. In 1907 the median earnings of skilled factory workers were about double those of the unskilled hands. By 1947, the median differential between these two groups had narrowed to about 55 per cent. This trend has continued—at least until quite recently. Let us take, for example, the large and widely scattered machinery manufacturing industries, which employ about 1.5 million workers, including substantial numbers along the Pacific Coast. Our annual studies disclose that over the eight-year period, 1945-53, straight-time average hourly earnings of tool-and-die makers and production machinists—two important skilled jobs in the machinery industries—increased by slightly more than 60 per cent. By contrast, earnings of hand truckers, a relatively unskilled job, increased by 89 per cent. These adjustments had the effect of reducing the pay differential of tool-and-die makers, as compared with hand truckers, from 63 per cent to 39 per cent over this postwar period.

In Portland—one of the cities regularly surveyed in our machinery manufacturing study—machinists averaged $1.30 per hour in 1945 and $2.03 in September 1953. Laborers (material handlers) averaged 99 cents in 1945 and $1.76 last year. In terms of cents per hour, average earnings of machinists have advanced 83 cents and earnings of laborers 77 cents in the postwar period. Percentagewise, the machinist's pay has risen 68 per cent, the pay of laborers 78 per cent. Although not as pronounced as in most areas, percentage differentials have been narrowed between skilled and unskilled groups of workers in Portland machinery establishments—from 31 per cent in 1945 to about 20 per cent in 1953.

However, as we found in other areas, a reversal of trend appears to have occurred last year. For example, increases for such skilled groups as tool-and-die makers and machinists in Portland amounted to about 15 cents per hour (about 7 per cent), while laborers obtained a pay boost of approximately 7 cents or 4 per cent.

Let us now consider an example which involves comparisons on a labor-market basis between Portland and the West Coast and other major areas of the United States. For the purposes of this discussion, I have taken Chicago as a base. On this basis, we find that general stenographers in Portland averaged $56 per week in 1953, which was roughly 90 per cent of the $62 average recorded for Chicago early in 1954. Among the fourteen large cities included in this particular tabulation, six reported stenographers receiving less than Portland and seven reported higher average salaries. The cities in which lower-paid scales prevailed for stenographers were St. Louis, Philadelphia, New Orleans, Minneapolis-St. Paul, Memphis, Denver, and Dallas. In three cities stenographers earned more than in Chicago; of these, two were on the West Coast, San Francisco at $63 per week and Los Angeles at $62.50.

Using the same basis of comparison and turning to plant maintenance workers, we find that maintenance electricians in Portland averaged $2.29 per hour or 94.6 per cent of the Chicago base. Again, six cities reported lower earnings than Portland for maintenance electricians. For the most part, these were the same cities mentioned above with reference to stenographers. In this particular instance, however, Chicago electricians were the highest paid in any of the cities. With respect to janitors, porters, and cleaners, the situation was somewhat different. In Portland, these workers averaged $1.45 an hour, and the difference between Portland and Chicago was practically the same as for maintenance electricians. Eight of the fourteen cities, however, paid janitors less, on the average, than did Portland. These cities were Dallas, Denver, Memphis, Minneapolis-St. Paul, New Orleans, New York, Philadelphia, and St. Louis. Janitors in Detroit were the highest paid ($1.63 per hour) or 6.5 per cent higher than Chicago and were followed closely by those in San Francisco, who earned approximately 5 per cent more than those in Chicago.

Thus, it appears that at least for a number of significant office and plant maintenance jobs, Portland ranks somewhere in the middle—it is neither among the several top cities nor is it at the bottom end of this particular array of cities. Regionally, however, as part of the Pacific Coast area, you are, of course, in a relatively high wage area. This fact emerges from practically every survey which we have made in recent years. Furthermore, the spread or differential between skilled and unskilled jobs on the West Coast is typically smaller than in most other regions of the country.

Trends in wages—that is, the extent to which wages have changed up or down over a period of time—are frequently stressed in negotiations. "Patterns" and "rounds" of increases—first round, second round, etc.—have come in for more than their rightful share of emphasis. Fortunately, we now seem to have moved far enough away from the early postwar years to have rather completely discarded the questionable concept of "rounds" of increases. With the easing of inflationary pressures, discontinuance of wage stabilization programs, and a tightening of competitive pressures, collective bargaining to an increasing extent is focused more on the individual's employer's or the specific industry's economic situation, rather than on some national or other type of wage movement.

Probably our best overall indicator of wage trends—in the absence of any comprehensive index of wage rates—is the BLS monthly series of hourly and weekly earnings in manufacturing and nonmanufacturing industries. These data are based on regular reports on employment, payroll expenditures, and man hours worked from approximately

155,000 establishments. Over a period of time they present a reasonably accurate picture of the trends in earnings for more than 100 industries.

For short-run changes, and particularly for information on month-to-month settlements, many employers and unions have found another bureau report—*Current Wage Developments*—of great value. In this report we list each month settlements coming to our attention from the daily press and other sources involving approximately 1,000 or more workers. We present in these reports not only the amount of the wage increases, if any, but also significant changes in nonwage benefits such as vacations, holidays, shift premiums, and pensions. We are beginning, with this year, a quarterly summarization of these wage changes, in an effort to follow and report more closely on the magnitude of recorded settlements.

Last year we estimated that the average pay increase amounted to 7 cents an hour.

Will it be approximately the same this year, or higher, or lower? Obviously, we don't know. It will depend upon the thousands of settlements which will occur. It is still too early to speculate; but we seem to have recorded a somewhat greater number of contract extensions without change than a year or two ago. In some areas—notably textiles—proposals for reductions in wages have been made. Most of the larger negotiations, steel, for example, are still to come. And we know—aside from whatever changes in consummer price levels which may occur—that approximately a million automobile workers will receive an "annual improvement factor" wage adjustment of 5 cents per hour in the next several months.

Our work in the BLS Division of Wages and Industrial Relations is not confined to the collection and publication of wage statistics. We have also for many years maintained a file of labor-management agreements for analytical purposes. The Taft-Hartley Act recognized the value of such a storehouse of information, and authorized the bureau to maintain a file of all available agreements, to make agreements available for public inspection, and to use these agreements in providing information helpful to the settlement of labor disputes. Currently, our file contains about 5,000 agreements. We estimate that from 8 to 9 million workers are normally covered by these contracts.

Each year we make about five studies of specific agreement provisions based on a sample of 1,500-1,800 of these contracts. During the past year we have studied: the prevalence of paid holidays; paid wash-up, clean-up, and clothes-changing time; paid rest periods; and military service pay. We are now beginning a comprehensive analysis of layoff and recall provisions. Union-status or union-security clauses are also surveyed periodically.

Perhaps I can best illustrate the scope of these agreement analyses by brief reference to one on holiday provisions which was issued several months ago. This study included 1,709 agreements covering an estimated 6 million workers.

Eighty-nine per cent of the agreements, affecting 83 per cent of the workers, provided for paid holidays. In manufacturing, 96 per cent of the workers enjoyed holidays with pay; in nonmanufacturing, the proportion was 57 per cent. About half (51 per cent) of the workers received six paid holidays and over a fourth more than six days. Typically, the pay for work on holidays was double time (53 per cent of the agreements and 60 per cent of the workers). Double time and one-half was provided in 20 per cent of the contracts; triple time in 10 per cent.

These and other data were also reported separately for twenty manufacturing groups of industries and for eight nonmanufacturing industries.

Information from these studies is not available on a regional or labor-market basis. However, our wage studies in most instances include information on the prevalence of supplementary wage practices or fringe benefits, as many of these are commonly termed. Thus, our Portland occupational wage survey showed that almost all office workers covered in the survey received paid holidays—in manufacturing and retail trade, six paid holidays were typical; in public utilities, over half were granted seven or more holidays. Plant maintenance and custodial workers also received paid holidays, although not quite to the same extent as office employees. Except for the public utility group, the usual pattern was six holidays.

Similar information is available, for example, for paid vacations, shift differentials, and health, insurance, and pension plans. In regard to insurance and pensions, in addition to the data obtained in the course of our wage surveys, we have also made a series of analyses of the detailed provisions of a wide variety of specific plans. As with our agreement analyses, these studies are based on an extensive file of such plans which we have collected since the end of World War II. These have been widely used in collective bargaining, as might well be imagined with the rapid rise in such plans.

Relatively few production workers had life insurance, surgical or medical protection, hospitalization, or retirement protection provided under the terms of union agreements until after World War II. Since then, the rise has been phenomenal. We estimated that about 7,650,000 workers were covered in mid-1950, and are now resurveying this area. Personally, I shall be greatly surprised if our findings do not disclose a coverage of nearly 10 million. In Portland we found that, last fall, about 71 per cent of plant workers were covered by life insurance and 44 per cent were included in private retirement programs.

I have outlined several of the BLS's major statistical series widely used in collective bargaining. Others could be mentioned—such as our Consumer Price Index, data relating to employment, wholesale prices, the measurement of productivity, industrial injuries, and the volume of construction activity.

I should not conclude without several words of caution. First of all, statistics are simply a tool toward the fashioning of an acceptable and workable contract. They are a means of persuasion for those who are willing to listen to reason and place various facts in proper perspective. They are objective criteria to be weighed and assessed in light of each particular situation. Statistics should never be used as a short-cut, slide-rule solution. Frequently, no simple statistical answer solves the complicated problems of wage determination.

Furthermore, regardless of the care and objectivity with which they are compiled, statistics have their technical limitations and qualifications. For example, it is necessary to remember that in our typical occupational wage surveys:

(1) Smaller firms are often not included. Usually, this is not serious, since many small firms do not have the degree

of job specialization which would permit a meaningful classification. Our size-of-establishment limits, in most surveys, are such that only a comparatively small part of total employment is omitted.

(2) Not all occupations are studied. In some instances, if a particular job is concentrated in a high-wage (or low-wage) industry, the occupational average may be higher (or lower) than the traditional rate relationships would indicate. Also, incentive methods of wage payment may raise the earnings of specific occupations above those of related jobs for which skill requirements are higher, but which are customarily paid on a time basis.

(3) Year-to-year changes may be affected by changes in the scope of the survey, changes in the distribution of the labor force, or changes in the method of performing the work. Shifts in employment, for example, from low- to high-paying plants, may cause an increase in average hourly earnings when no changes in rates of pay have actually occurred.

(4) Since our surveys are conducted on a sampling basis, the results generally are subject to sampling error. This error, where it exists, is not uniform and tends to diminish as the aggregate grouping increases in size. In general, our statisticians tell us that the sample design is such that the chances are 9 out of 10 that the published average does not differ by more than 5 per cent from the average that would be obtained by enumeration of all the establishments in the "universe."

Mr. Ewon Clague, in his presidential address to last year's annual meeting of the Industrial Relations Research Association, explained the place of statistics in labor relations: "Of course, statistics are not the final solution of industrial relations problems. They may not be used at all; and sometimes their only use is to rationalize a decision reached on other grounds. However, statistics are worthwhile just for those occasions when an appeal to the facts will produce an agreement. Also, public opinion will often be influenced by a factual statement of the case . . . To be most useful, government statistics must be prompt, accurate, and absolutely unbiased."

PORTLAND FOOD PRICES—JULY 1954

The University of Oregon Bureau of Business Research, working with data collected by the United States Bureau of Labor Statistics, reports that, of 74 foods priced in Portland in mid-July 1954, 30 were lower than in mid-June, 22 were higher, and 22 were unchanged. Meats were generally lower, as were fresh vegetables with the exception of potatoes. Eggs were up 8 cents and potatoes 12 cents.

Commodity and Unit	In Cents: Average July 15, 1954	Change from Last Month	July Range of Prices: High	Low
CEREALS & BAKERY PRODUCTS:				
Cereals:				
Flour, wheat (5 lbs.)	51.0	— .4	62	48
Corn flakes (12 oz.)	22.0	...	25	21
Corn meal (lb.)	12.7	.2	14	12
Rice (lb.)	23.6	.3	29	20
Rolled oats (20 oz.)	19.7	...	22	19
Biscuit mix (20 oz.)	26.2	...	29	21
Bakery products:				
Bread, white, per loaf (lb.)	18.2	...	18	17
Vanilla cookies (7 oz.)	24.8	— .3	26	20
Soda crackers (lb.)	27.6	...	29	27
MEATS, POULTRY & FISH:				
Meats:				
Beef:				
Round steak (lb.)	94.3	2.4	99	89
Rib roast (lb.)	77.8	— .7	83	69
Chuck roast (lb.)	56.9	—1.7	63	49
Frankfurters (lb.)	51.8	— .2	59	45
Hamburger (lb.)	40.7	.2	59	33
Veal:				
Cutlets (lb.)	104.2	—3.3	129	89
Pork:				
Chops (lb.)	94.4	— .3	98	79
Bacon, sliced (lb.)	85.0	—1.3	95	79
Ham, whole (lb.)	72.7	—1.1	79	59
Lunch. meat, canned (12 oz.)	49.2	—1.3	59	45
Lamb:				
Leg (lb.)	78.7	— .5	89	65
Poultry:				
Fryers, ready to cook (lb.)	67.0	— .2	73	59
Fish:				
Salmon, canned (lb.)	50.5	.1	59	45
Salmon, fresh (lb.)	77.3	—2.1	89	69
Halibut, fresh (lb.)	57.2	1.9	65	49
Tuna, canned (7 oz.)	41.1	.7	47	37
DAIRY PRODUCTS:				
Butter (lb.)	69.6	...	75	67
Cheese, Amer. proc. (lb.)	54.6	— .2	59	49
Milk:				
Fresh, delivered (qt.)	22.0	...	22	22
Fresh, grocery (qt.)	21.2	.1	22	21
Evaporated (14½ oz. can)	12.8	— .4	16	10
Ice cream (pt.)	27.0	...	33	23
EGGS, fresh (doz.)	66.7	8.0	69	59
FRUITS & VEGETABLES:				
Frozen:				
Strawberries, sl. (12 oz.)	33.3	.5	47	25
Orange juice, conc. (6 oz.)	19.2	...	25	14
Peas (10 oz.)	19.8	.8	25	14
Green beans (10 oz.)	23.2	.8	27	20

Commodity and Unit	In Cents: Average July 15, 1954	Change from Last Month	July Range of Prices: High	Low
FRUITS & VEGETABLES (cont.):				
Fresh:				
Apples (lb.)	18.5	—1.5	23	8
Bananas (lb.)	20.0	...	22	16
Oranges (size 200, doz.)	66.9	1.2	87	49
Beans, green (lb.)	18.1	—2.5	25	14
Cabbage (lb.)	8.6	— .2	14	7
Carrots (bunch)	11.0	—1.9	16	7
Lettuce (head)	•	...	...	...
Onions, yellow (lb.)	7.9	— .3	12	6
Potatoes, white (15 lb.)	107.4	12.4	150	88
Sweet potatoes (lb.)	•	...	...	...
Tomatoes (lb.)	26.0	—4.3	39	15
Lemons (lb.)	17.2	—1.6	27	13
Celery (lb.)	13.5	— .2	15	8
Peaches (lb.)	18.0	...	29	14
Watermelon (lb.)	3.9	—1.8	6	3
Grapes (lb.)	•	...	...	...
Canned:				
Peaches (no. 2½ can)	29.8	.4	37	27
Pineapple (no. 2½ can)	36.5	— .2	41	33
Orange juice (46 oz.)	38.5	1.5	49	31
Fruit cocktail (no. 2½ can)	40.6	...	48	39
Beans with pork (16 oz.)	13.7	...	15	12
Corn, cream style (no. 303 can)	17.5	...	21	16
Tomatoes (no. 2½ can)	22.5	...	29	19
Peas (no. 303 can)	20.0	— .1	23	17
Vegetable soup (11 oz.)	14.0	...	16	12
Baby foods (1½-4¾ oz.)	8.7	...	10	8
Dried:				
Prunes (lb.)	29.1	.1	35	26
Navy beans (lb.)	20.9	.5	25	19
BEVERAGES:				
Coffee (lb.)	108.1	.6	125	94
Tea (¼ lb. pkg.)	35.6	.1	41	33
Cola drink (6 btles.)	34.7	...	36	33
FATS & OILS:				
Lard (lb.)	30.0	...	39	25
Shortening, hydrog. (lb.)	35.2	.4	39	33
Salad dressing (pt.)	37.2	...	41	35
Margarine, colored (lb.)	30.2	— .1	35	29
Peanut butter (lb.)	52.1	— .5	56	49
SUGAR & SWEETS:				
Sugar (5 lb.)	54.7	...	62	50
Corn syrup (24 oz.)	25.1	...	28	24
Grape jelly (12 oz. jar)	27.3	.2	33	25
Chocolate bar (1 oz.)	4.4	...	5	4
MISCELLANEOUS:				
Gherkins (7½ oz.)	•	...	...	...
Catsup (14 oz.)	22.2	— .1	32	17
Gelatin dessert	8.5	— .5	10	6

• Insufficient number of quotations to obtain a reliable average price.

Asiatic Trade Big Factor in Well-Being of Northwest

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we on the northeast segment of the Pacific rim hope for is a prosperous two-way trade, in which the surpluses of our agriculture and forests salute the products of Asia as they pass on the trade lanes between the two continents.

Trade with the Asiatic peoples should not be underestimated; it took a war in the Pacific to make Americans realize how dependent their country was upon southeast Asia for vital mineral raw materials, copra, abaca, and vegetable oils. An eminent geographer has said: "No other part of the world is so essential to the normal industrial prosperity or national security of the United States . . . Under normal conditions, two-fifths of the tonnage required for American strategic imports comes across the Pacific."

A traditional participant in trans-Pacific foreign trade is Japan, which holds the key to expanding trade within the Pacific. But there are internal problems to be settled as a prelude to more normal conditions. Just now her leaders are wrestling with the problems of inflation, a partial cause of an unfavorable trade balance. Prices are rising faster than in the world at large, so that, in the normal course of commerce, buyers of Japanese products are inclined to go elsewhere to supply their needs, filling them in countries with a lower price level.

Such repercussions are a serious matter in a country whose economy depends almost entirely upon international trade. It must buy food abroad with which to feed its rapidly expanding population (increasing at the rate of approximately 800,000 a year) and raw materials to supply its expanding manufacturing. To combat this serious economic condition, an "austerity" budget has been proposed, with extreme restrictions upon imports in order to conserve foreign-exchange balances abroad. Petroleum will suffice as an example of the dilemma in which Japan finds itself today. Demand for oil has been increasing under the policy of the Ministry of International Trade and Industry, to conserve coal whose price is also soaring. Against this, however, the Economic Counsel Board is now advocating reduction in oil imports for 1954 and a return to coal, with oil imports pegged at a fixed figure. This situation aptly illustrates the nightmarish Japanese foreign-trade economy. Imports are a necessity at all times, but how to pay for these with exports is the problem.

Not so very long ago much of the Japanese economy was based upon exports of silk, an article of relatively high value and low bulk, and cotton cloth. Silk was a natural, home-produced article, cotton cloth a commodity manufactured from imported raw cotton. Silk exports have all but disappeared and cotton is just emerging as an export item after a tragic Pacific war. This leaves virtually only sea foods and the arts and crafts as home industries as a base for export, both important but not productive enough to equalize the heavy import account. This account must be settled by higher-valued manufactured commodities such as ships, iron and steel goods, rayon and nylon, optical goods, and chemicals. All of these must be sold in a highly competitive world market. Worse yet, they are deprived of sales in markets which once took major quantities of Japanese manufactured goods, barred by arbitrary import regulations. Under the current policy of some of the sterling-block nations restrictions are still maintained on Japanese imports, although Japan has been admitted to the General Agreement on Tariffs and Trade.

Fortunately, a new Anglo-Japanese trade pact offers Japan more export opportunities. Unders this agreement the United Kingdom colonies and the independent commonwealth countries will increase their imports from Japan, with an understanding that the general level of imports will be maintained in that country.

Japan's present position in foreign trade is revealed in the following figures for the fiscal year April 1953-March 1954 as reported by the *International Financial News Survey*, May 7, 1954.

Imports, total visible	$2,601,000,000
Exports, total visible	1,337,000,000
Trade deficit	$1,264,000,000

Of the imports, approximately one-half came from the United States.

No attempt will be made here to analyze the complicated political-economic relationships growing out of the Pacific war or the recent Korean entanglement. But it must be made clear to our people, both in the Pacific Northwest region and throughout the nation, that, if the best interests of national and international economy are to be served, we must buy more from the countries to which we sell. The continuous handout system, abhorrent to both donor and beneficiary, must stop. It must be evident that United States-Japanese trade relationships are absolutely vital in sustaining a stable economy in the Pacific.

The unhappy story continues when we turn to the "bamboo curtain" in China. Bamboo it may be, but it is as impregnable as its metallic counterpart in Europe. This is a problem not only for Japan but for the world at large. For the Japanese businessman, China has been a traditional market for manufactured products as well as an important supply area for raw waterials such as cotton, oils, and minerals. There are indications the bamboo slats may be splitting. Recently an agreement was made between the China Trade Agreements Promotion Committee and a delegation of the Japan-Communist China Trade Promotion Representative Alliance. This was strictly a private affair, for which the Japanese government disclaimed any responsibility, although the representatives on the Japanese committee were furnished passports. Discussions were tuned to a £30,000,000 proposition, restoration of banking relations, and the stationing of commercial agents in both countries.

Prior to this, there had been some stipulations on the part of the Reds, should the Japanese government feel inclined to participate, namely: that the Japanese government (1) sever relations with the United States and renounce its satellite position with the Western powers; (2) sever relationships with the Chiang Kai-shek Formosan government. China would thus dictate terms and hang a political carrot before the nose of the trade-hungry Nipponese as the price they would have to pay for their Asiatic mainland trade. From these facts we may deduce that the basis of any trade negotiations with the Chinese government is political rather than commercial, and that international politics must be satisfied before economic forces prevail.

This places the Japanese in an awkward position. (1) They are faced with a huge trade deficit as the result of increased imports over exports; this must be balanced in some way by increasing exports. (2) Part of the unfavorable trade balance is found in United States-Japanese trade. (3) A nearby potential market which historically absorbed a large volume of Japanese exports is virtually closed for political reasons. (4) Japanese businessmen are apprehensive over the possibility of French and British competition. (5) The Japanese will probably incur the displeasure of the American and Formosan governments, should they start trading with the Chinese.

The Japanese are, however, realists and know full well the price they would have to pay for any large-scale trade agreements with the Reds. They are truly on the horns of a dilemma. It appears that Red China is in a strategic bargaining position, and once again the Western world and its friends are at a disadvantage.

But the barrier appears to be down, however slightly. A few weeks ago a news item under a Tokyo dateline stated: "The Japanese government announced that Russian businessmen may enter the country for trade purposes and laid down requirements necessary for such visits." Japan will acquire oil, timber, coal, minerals, and cotton against stipulated capital goods: locomotive, machinery, and tools.

East-West policy intrudes itself at this point. Harold Stassen, foreign operations administrator, when he recently returned from a London conference, announced "an agreement on principles by which trade could be expanded without risking the movement of strategic materials to Russia and its satellites." Obviously, this could mean a less-restricted "strategic list." Indirect trade with China could possibly result.

Whether we like it or not and in spite of certain senatorial drumbeatings in Washington, the Communists are in power and are the government of China. Likewise Tito and his Communists operate the Yugoslav government and Franco and his Fascists in Spain. Yet American goods have been flowing to Yugoslavia and Spain, because this policy suits our purposes for the defense of Europe, regardless of the form of government.

Suppose (and this is daydreaming) we could coax a deal out of the Chinese which would benefit them more than anything they could ever get out of Russia. What might the results be in terms of trade across the Pacific?

The probability of such a United States-China deal seems remote, in view of the "anti" attitudes of both sides, engendered by the Korean and Indo-Chinese situations, and general opposition by the United States to Chinese representation in the United Nations. But a tiny rift in the barrier may be seen in the announcement last January by the Foreign Assets Control Regulation Board that the United States and five other countries (Hongkong, Japan, Formosa, Republic of Korea, and Federal Republic of Germany) have worked out procedures to facilitate United States imports of more than eighty kinds of Chinese-type merchandise. Certification must be made that these goods have been produced in those five countries. Straw braid, floor coverings, fur skins, hats, menthol, tea, tung oil, and walnuts may be exported, provided the American importer presents an import license and the exporter furnishes a certificate of origin.

A recent editorial in *Export Trade and Shipper* (March 22, 1954) pointedly warns that trade relationships with the Communists, especially the Chinese, is not to be undertaken casually "even if Governmental regulations should be modified to permit it." The trader is likely to meet unconventional and frustrating business methods—a statement not overly startling to those who have dealings with government monopolies.

Space will not permit a lengthy elaboration of the trade situation in other Asiatic countries, except a brief reference to the Philippines. This country's trade balance, like that of Japan, is unfavorable. There is an increasing inflow of capital goods from the United States for branch manufacturing purposes, transaction which cannot be completely balanced out by exports of relatively low value and large bulk, such as copra, abaca and sugar. Some concern is felt over declining exports of copra and coconut oil to Europe and Japan, once large importers of the products for margarines and industrial uses. But here again, the bogeyman of credits arises, exemplifying Japan's inferior international credit position. She now prefers to obtain her supply of coconut products from nondollar areas rather than from a country tied to a dollar economy. Because Japan has a deficit balance with the Philippines, based in part upon a heavy war reparations debt which must be cleared, further purchases would tend to aggravate this imbalance. The reparations are estimated at approximately $400 million; the payments have been extended from fifteen to twenty years. A stabilizing influence in Philippine-United States trade is the continued export of 52 per cent of Philippine copra to us and 97 per cent of their coconut oil.

We who live on the Pacific rim must recognize that Japan, not China, is the hope for increased and expanding commerce. It would be gratifying to think that Chinese ports and consignees will once more appear on bills of lading and manifests, that our custom houses will once more be checking consular invoices from Shanghai, Amoy, Swatow, and Peiping. But how can we, who believe in friendly commercial intercourse with all the nations of the world, plan for such trade when the price is arrogant political demands?

United States government leaders, in their own way, are equally arbitrary in support of Western world ideology. The result is a complete impasse commercially. On the sidelines are the economic spectators, the traders, shipping companies, and manufacturers, a silent pressure group who dream of the "good old days." But again, is this not wishful thinking? The fact of the matter is that Japan, in spite of her present embarrassing internal situation, is the one major power in the Pacific trading area which can be used as a base upon which to build a new Pacific trade. Pacific Northwest businessmen are recognizing the soundness of this relationship by sending trade missions to Japan; groups from Portland and Seattle visited Japan last summer and a sixty-man delegation from British Columbia was recently in Tokyo.

If commerce is once more to flow in expanding volume across the big ocean, then all nations fronting it or adjacent to it must lend a hand in supporting the aggressive, industrious, and friendly people of Nippon. Wipe away the politics on both sides, and trade will resume its normal place; countries bordering the Pacific will again be producing and consuming for each other's benefit and the "sea of peace" will be once again a reality instead of a misnomer.

CURRENT BUSINESS TRENDS IN OREGON

Employment. The Oregon State Unemployment Compensation Commission reports that nonagricultural employment continued its 1954 spring rise up until the beginning of the lumber strike on June 21. Between mid-May and mid-June there was an increase of 1.7 per cent (7,900), which was slightly below the 1.9 per cent (9,000) rise during the same period a year ago. Mid-June employment in 1954 was 3.3 per cent (15,600) below that of the same date in 1953. Comparative data follow:

	June 1954	*May 1954*	*June 1953*
Lumber & wood products	81,000	80,100	89,000
Food & kindred products	18,000	14,100	16,900
Other manufacturing	41,500	41,100	43,800
Total manufacturing	140,500	135,300	149,700
Contract construction	23,900	23,700	26,000
Retail trade	78,400	78,300	82,700
Government	71,500	72,500	69,200
Other nonmanufacturing	148,000	141,600	150,500
Total nonmanufacturing	321,800	319,100	328,200
Total nonagricultural employment	462,300	454,100	477,900

Lumber. Lumber production in the Douglas-fir region of the Pacific Northwest in June 1954 was substantially lower than in the previous month, or in the same month last year. Presumably this was the result of the lumber strike which began June 21. During the week ending July 3, production of identical mills reporting to the National Lumber Manufacturers Association was 32 per cent of last year's average for Douglas-fir mills, 97 per cent for southern pine, and 94 per cent for western pine. Statistical data for the industry (all figures in thousands of feet, board measure) are as follows:

	June 1954	*May 1954*	*June 1953*
Average weekly production	163,920	206,289	201,155
Average weekly orders	200,921	226,457	192,486
Unfilled orders, end of month	899,182	874,470	837,553
Lumber inventory, end of month	846,051	984,115	1,058,150

Department-Store Sales. Retail sales, as indicated by department-store sales, continue below levels of last year. The most recent figures available cover the week ending July 10, 1954, which included Independence Day; this holiday did not occur during the corresponding week a year ago, and is the major factor in the large minus comparisons. Percentage changes in dollar sales volume, compared with the same period last year for Portland and other Pacific Coast cities, are shown below:

	Week Ending July 10, 1954	*4 Weeks Ending July 10, 1954*	*Calendar Year to July 10, 1954*
Portland	−11	+1	−6
Los Angeles	−18	−1	−5
San Francisco-Oakland	−17	−1	−5
Seattle	− 7	−2	−3
United States	−16	+2	−3

BANK DEBITS

Bank debits represent the dollar value of the checks drawn against individual deposits. Payment for approximately 90 per cent of all goods, property, and services is by check. Bank debits are regarded as indicators of the general trend of business, though their value for this purpose may be impaired by substantial changes in the level of prices. The Bureau of Business Research collects bank debits from 124 banks and branches monthly. On occasion, the totals for the same month in different issues of the *Oregon Business Review* are not directly comparable because of necessary adjustments in basic data.

Marketing Districts	*Number of Banks Reporting*	*Debits June 1954*	*Debits May 1954*	*Debits June 1953*	*June 1954 Compared with May 1954*	*June 1954 Compared with June 1953*
Oregon	121	$1,247,962,775	$1,225,878,010	$1,270,548,626	+ 1.8	+ 1.8
Portland (Portland, Hillsboro, Oregon City, etc.)	33	772,101,139	779,938,797	801,708,799	− 1.0	− 4.1
Lower Willamette Valley (Salem, McMinnville, etc.)	15	95,262,890	90,674,667	91,396,303	+ 5.1	+ 4.2
Upper Willamette Valley (Albany, Corvallis, Eugene)	18	128,529,364	119,234,771	121,321,928	+ 7.8	+ 5.9
North Oregon Coast (Astoria, Tillamook, etc.)	5	24,102,942	22,228,896	27,871,131	+ 8.4	−13.5
Douglas, Coos, Curry counties	9	45,136,123	42,943,102	45,173,251	+ 5.1	− .1
Southern Oregon (Ashland, Medford, Grants Pass)	6	53,594,670	49,294,441	51,083,697	+ 8.7	+ 4.9
Upper Columbia River (The Dalles, Hood River, etc.)	7	24,445,968	21,385,772	21,841,487	+14.3	+11.9
Pendleton area	6	21,626,110	20,401,472	22,337,726	+ 6.0	− 3.2
Central Oregon (Bend, Prineville, Redmond)	5	21,664,693	20,386,133	22,726,317	+ 6.3	− 4.7
Klamath Falls, Lakeview area	5	26,962,937	26,182,633	27,673,751	+ 3.0	+ 1.1
Baker, La Grande area	7	20,797,526	19,211,363	21,001,688	+ 8.3	− 1.0
Burns, Ontario, Nyssa	5	13,738,113	13,995,963	13,409,518	− 1.8	+ 2.5

BUILDING PERMITS

Building permits give an indication of building operations planned rather than actual construction under way. Care must be taken, in interpreting these data, to allow for the lag that may elapse between the issuance of the permit and the beginning of actual construction. The data have been collected by the Bureau of Business Research.

	New Residential June 1954	*New Non-residential June 1954*	*Additions, Alterations & Repairs June 1954*	*Totals June 1954*	*Totals May 1954*	*Totals June 1953*
Albany	$ 130,500	$ 17,800	$ 7,600	$ 155,900	$ 89,800	$ 219,900
Astoria	27,402	8,310	5,100	40,812	69,675	121,010
Baker	46,060	1,100	1,700	51,860	21,771	55,432
Bend	26,000	133,166	1,935	161,101	54,765	50,825
Coos Bay	30,000	58,198	36,491	124,692	311,530	160,925
Corvallis	111,000	1,500	188,210	330,710	119,750	89,165
Eugene	358,100	365,450	15,969	769,246	293,105	624,373
Forest Grove	47,022	20,100	1,800	72,222	54,525	112,068
Grants Pass	57,930	12,450	11,240	141,620	132,190	123,490
Klamath Falls	61,800	157,768	18,600	241,168	86,181	65,285
La Grande		775	1,790	5,565	52,213	12,920
Medford	26,500	381,942	30,311	138,783	214,820	146,110
Milton-Freewater	32,000	800	21,500	57,300	8,500	49,950
North Bend	60,250		3,190	63,740	57,920	21,110
Oregon City	102,900	700	10,085	113,685	96,383	11,249
Pendleton	111,000	11,000	10,850	132,830	99,600	68,986
Portland	2,763,630	450,290	1,415,515	4,631,435	3,536,220	4,307,235
Roseburg	36,800	341,920	72,790	151,510	124,775	152,600
Salem	192,800	2,881,734	100,598	3,175,132	410,778	684,103
Springfield	258,300	115,000	19,590	692,890	132,536	107,585
The Dalles	54,124	21,050	12,510	87,711	178,355	106,307
20 other communities	202,700	371,444	136,807	710,951	472,057	737,581
Total	$4,771,818	$5,682,797	$2,199,281	$12,656,896	$6,647,155	$8,307,788